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EDIC/M-7  
Control No. 2138  
6 April 1955

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 7th Meeting

10:00 - 12:00, 17 March 1955

PRESENT

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[REDACTED]  
Lt. Col. Brown, OSD  
Mr. Wood, G-2  
Mr. Hamilton, AFOIN  
Mrs. Young, State/ECD  
Mrs. Rado, State/OIR  
Miss Baldwin, FOA  
Mr. Tilson, FOA/MDAC

1. EDIC/AM-6, "DISSOLUTION OF IWG AND EDIC SUBGROUPS"

Discussion - The Executive Secretary observed that there had been no objection by members to action proposed in this paper. He referred specifically, however, to unfinished assignments of two former IWG subgroups: East-West Trade Collection Requirements, and Far Eastern Economic Defense. The Executive Secretary explained that although terms of reference for the East-West Trade Collection Requirements subgroup had been approved by IWG (IWG/AM-11a of 31 July 1953), the subgroup had produced no substantive recommendations. Furthermore, the military services had recently prepared instructions to their respective overseas attaches covering collection of economic defense intelligence. It would appear, therefore, that the subgroup should be dissolved pending requests from the Executive Committee for additional work in the field of collection.

The Acting Chairman suggested that if the need for collection appears to be for enforcement intelligence, then EDIC attention should be focused on that particular phase of the problem. He indicated that CIA [REDACTED] should be asked to prepare an interim report on whether

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satisfactory progress is being made in the development of covert collection requirements. There was reference to continuing review being made of ERC 34 of 28 March 1952 - "Reporting on Trade and Other Economic Relations with Soviet Bloc Countries". The Defense member gave assurances that economic defense information will be passed laterally by attaches to EDO's.

The Executive Secretary also reviewed the status of the Far Eastern Economic Defense subgroup, pointing out that practically none of the intelligence support to FEEDWG (EDAC) had been channelled through EDIC. He reminded the committee that IWG Case 36 - Intelligence Data for US Delegate to CHINCOM - had been established in December 1952 for this specific purpose. Only one paper, IWG/FE-1, "Material for Use in China Committee" had been produced in February 1953 in response to the request by the Chairman of FEEDWG for information concerning the probable impact on the Chinese Communist economy which would result from denial of certain commodities. The Executive Secretary observed that if EDIC is not to be utilized by either intelligence or action agencies the subgroup should be dissolved. An extended discussion ensued on EDIC's role within the EDAC structure and the Acting Chairman noted the possible need for a revision of EDIC terms of reference to reflect a changed situation.

25X1A9a      Action - Members approved the action proposed in EDIC/AM-6 which included dissolution of the two subgroups cited under Discussion, above. The Executive Secretary was instructed further, to request  
25X1A9a      [redacted] CIA, to prepare in general terms an interim report on the present situation regarding covert collection requirements. A brief statement of assurances would be prepared for review and use of the Diversion Control Net, with a copy to EDIC for information. (Note: [redacted] CIA, has agreed to furnish this requested statement.)

2. REPORTS OF PENDING PROBLEMS OF CONCERN TO EDIC

a) Proposed Downgrading of CG/COCOM/CHINCOM Documents

Discussion - EDIC/AM-8, "Provisional CIA Position on Downgrading of CG/COCOM/CHINCOM Documents" was distributed for information. This paper summarizes progress made by CIA in reviewing C/C/C documents in connection with the COCOM proposal for downgrading such documents from Secret to Confidential.

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The Acting Chairman reviewed earlier EDIC action on this matter (refs: EDIC/M-4, M-3 and M-2). At the 1 December meeting, he had pointed out "that EDIC as a group has no authority to approve security matters of this kind" and on 9 December had declared "that on this subject EDIC is simply a forum for discussion, with each agency retaining responsibility for security protection of its own intelligence." The Acting Chairman expressed serious concern over failure of other agencies to participate in the document review, indicating that the Government would be faced with a fait accompli of en masse downgrading if CIA had not undertaken the task of reviewing the more than 3000 documents. He recalled his earlier statement to the effect that "CIA takes the position that C/C/C documents incorporating any intelligence must retain a Secret classification."

The Executive Secretary then reviewed his action on this matter, indicating that he had identified thirteen categories of documents, set up a card index of available documents and made certain recommendations (found in EDIC/AM-6) which have been transmitted by the CIA Classification Officer to the Chairman of the Executive Committee.

The AFOIN member explained that no specific action had been taken by his office because all documents were not available within AFOIN, while the State/ECD member observed that the State Security Officer was cognizant of this problem.

b) Intelligence on Trade in Decontrolled Commodities

Discussion - The Acting Chairman reviewed the situation, noting that JOC had not yet furnished EDIC a short list of decontrolled commodities for further processing by the EDIC subgroup on this subject. The Executive Secretary called attention to the FOA/MDAC list found in JOC Document No. 54 Supplement 1 of 9 December 1954. The Commerce member expressed the opinion that this list, which presumably incorporated items suggested by the Department of Defense, was both short and satisfactory.

In the context of this discussion, reference was made to EDAC D-67/25 of 14 March 1955 which provided an exchange of correspondence between Senator McClellan and Admiral DeLany regarding the relaxation of international export controls.

Action - The Executive Secretary was instructed to prepare a memorandum to the Chairman of the Executive Committee which would point out the delay in receipt of a JOC list of decontrolled items which c

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be used by the EDIC subgroup in pursuing its assignment. (Note: JOC considered this matter at its 28 March meeting and has furnished such a list to the Acting Chairman of EDIC. Consequently, no memorandum on the subject will be addressed to the Chairman of the Executive Committee.)

c) "External Financial Operations of the Soviet Bloc" (IWG/R-16)

Discussion - The Acting Chairman reviewed Executive Committee action on this paper. He reported that the Executive Secretary of EDAC has not yet furnished EDIC with a packaged presentation of Executive Committee, EDAC Working Group(s) and DCN comments (coordinated with Mr. Wright's ad hoc group) "on the priorities and range of problems inherent in that report." (ref: EDIC/M-5)

d) Joint OIR/ORR Paper on Criteria for Review of China List

Discussion - The Acting Chairman referred to EDIC/AM-7 of 10 March 1955 on "State/OIR Intelligence Views on the Feasibility of a Review of the China List" and to an earlier CIA/ORR paper on the subject. At the 11 February meeting of EDIC it was reported that State and CIA had agreed to produce a paper for the Executive Committee which would be submitted to EDIC for review (ref: EDIC/M-6). The Acting Chairman stated that nothing is to be done with either paper per se although they have been the subject of discussion. He announced, instead, that the subject of China List criteria is to be incorporated in an evaluation of the economic defense program being prepared for the Steering Group of the Dodge Council. CIA representatives are to attend meetings of a working group which is assisting the Steering Group on this project.

e) Current Status of London Copper Discussions

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Discussion - The Acting Chairman reported that OIR and ORR representatives met with [REDACTED] for intelligence discussions on Western shipments of copper to the Soviet bloc. Both the State "disappearance" technique and the CIA "case" method were used in an effort to arrive at an agreed [REDACTED] figure on total copper shipments. (Note: [REDACTED] of 26 March states that [REDACTED] intelligence officers estimate that Soviet Bloc 1954 imports of all forms of copper from the Free World amounted to about 144,000 tons". See text for detailed figure breakdown).

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f) Research Programming for Economic Defense

Discussion - EDIC/M-3 of 15 December 1954 indicated that "meaningful research requirements, formulated on the basis of (the Schelling Report) and its evaluation, are to be submitted to the EDIC by Mr. Wright's Special Working Group for appropriate action." The MDAC member declared that he is chairman of a subcommittee of the ad hoc working group which is formulating a detailed statement for EDIC of research requirements for economic defense.

g) Production and/or Revision of MDAC Fact Sheets

Discussion - Members were advised of the nature and purpose of this program which is under chairmanship of Mrs. Marie Bucy, FOA. MDAC Fact Sheets are required primarily for use in connection with Congressional presentations, general briefing, and preparation of the Battle Act reports. They are essentially summaries of research by the several EDAC agencies.

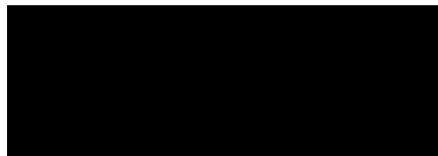
3. SUGGESTED CANCELLATION OF PENDING IWG (EDIC) CASES

Discussion - The Executive Secretary suggested the cancellation of:

- No. 7 - Collection Requirements on East-West Trade
- No. 36 - Intelligence Data for U.S. Delegate to CHINCOM
- No. 62 - Intelligence Support for U.S. Delegation to Eighth General Assembly of the UN, and Other International Forums

Action - Members concurred in this proposed action.

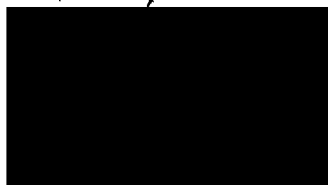
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